DOCUMENT RESUME

ED 406 527 CE 073 734

AUTHOR	Bevan, Stephen; And Others
TITLE	Who Cares? A Report Commissioned by the LV Group on: the Business Benefits of Carer-Friendly Employment Practices.
INSTITUTION	Sussex Univ., Brighton (England). Inst. for Employment Studies.
REPORT NO	ISBN-1-85184-258-6; IES-R-330
PUB DATE	97
NOTE	34p.
AVAILABLE FROM	Grantham Book Services, Isaac Newton Way, Alma Park Industrial Estate, Grantham NG31 9SD, England, United Kingdom (10 pounds).
PUB TYPE	Reports - Research (143)
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	Economic Factors; *Employer Attitudes; Employer Employee Relationship; *Employer Supported Day Care; Employment Patterns; *Employment Practices; *Family Caregivers; *Family Work Relationship; Foreign Countries; Helping Relationship; Labor Needs; Population Trends
IDENTIFIERS	*Family Leave; *United Kingdom

ABSTRACT

The benefits to employers of employment policies and practices that explicitly recognize the increasing domestic responsibilities of current and potential employees were examined through a study during which data were collected from the following sources: previous research and existing sources of statistical information about demographic and employment changes in the United Kingdom; unpublished Institute for Employment Studies data regarding more than 20,000 employees in 5 public and private sector organizations in the United Kingdom; and interviews with 6 large U.K. employers who have introduced carer-friendly (i.e., caregiver-friendly) employment practices. Among the study's main findings were the following: (1) three factors (an aging population, changes in female employment, and diversity in family structures) have caused an increase in the number of employed individuals who have some form of caregiving responsibility; (2) employers are experiencing increasing difficulties in recruiting, and retraining staff employer competition for key staff groups is increasing; (3) recruitment, performance, attendance, and retention of employees with caregiving responsibilities can be increased through flexible, innovative employment policies and practical care programs; and (4) many such child care and family care policies/programs are currently available and are producing demonstrable business and competitive benefits. (Contains 19 references.) (MN)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED 406 527

Institute
Employment
Studies

Who Cares? The business benefits of carer-friendly practices

S Bevan
P Kettley
A Patch

LV GROUP

BEST COPY AVAILABLE

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
☐ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

PERMISSION TO REPRODUCE AND DISSEMINATE THIS MATERIAL HAS BEEN GRANTED BY
Davidson
TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

2

CE073734

IES

Report 330

WHO CARES?

a report commissioned by the LV Group on:

the Business Benefits of
Carer-Friendly Employment Practices

the INSTITUTE
for EMPLOYMENT
STUDIES

WHO CARES?

a report commissioned by the LV Group on:

**the Business Benefits of
Carer-Friendly Employment Practices**

Stephen Bevan
Polly Kettley
Adrian Patch

LV GROUP

Report 330

Published by:

THE INSTITUTE FOR EMPLOYMENT STUDIES
Mantell Building
University of Sussex
Brighton BN1 9RF
UK

Tel. + 44 (0) 1273 686751
Fax + 44 (0) 1273 690430

Copyright © 1997 The Institute for Employment Studies

No part of this publication may be reproduced or used in any form by any means — graphic, electronic or mechanical including photocopying, recording, taping or information storage or retrieval systems — without prior permission in writing from the Institute for Employment Studies.

British Library Cataloguing-in-Publication Data

A catalogue record for this publication is available from the British Library

ISBN 1-85184-258-6

The Institute for Employment Studies

The Institute for Employment Studies is an independent, international centre of research and consultancy in human resource issues. It has close working contacts with employers in the manufacturing, service and public sectors, government departments, agencies, professional and employee bodies, and foundations. Since it was established 25 years ago the Institute has been a focus of knowledge and practical experience in employment and training policy, the operation of labour markets and human resource planning and development. IES is a not-for-profit organisation which has a multi-disciplinary staff of over 50. IES expertise is available to all organisations through research, consultancy, training and publications.

IES aims to help bring about sustainable improvements in employment policy and human resource management. IES achieves this by increasing the understanding and improving the practice of key decision makers in policy bodies and employing organisations.

The LV Group

The LV Group is a subsidiary of Accor SA, the French-based international business services and tourism group employing 120,000 people in 126 countries.

The LV Group offers a range of business services designed to make it easier for employers to offer family-friendly policies cost-effectively through the following employee benefit programmes including Childcare Vouchers: the childcare voucher scheme designed to accommodate a variety of childcare choices, Childcare Solutions: the freephone research and referral service designed for parents with childminding and child rearing concerns, and the more recently launched Familylife Solutions: also a freephone resource and referral service which adds eldercare and care for the disabled to the range of services offered to a subscriber employee. The Group has strong relationships with other bodies in the care sector, and is acknowledged as a leader in the field of family-friendly benefits.

Contents

Executive Summary	**ix**
1. Introduction	**1**
1.1 Competing through people	1
1.2 The research	1
2. The Changing Burden of Care	**3**
2.1 An ageing population	3
2.2 Changes in female employment	3
2.3 Diversity in family structures	4
2.4 Implications	5
3. The Employer View	**7**
3.1 Post-recession blues?	7
3.2 Carer-friendly is business friendly	8
3.2.1 Recruitment and flexibility	9
3.2.2 Performance and productivity	10
3.2.3 Attendance and retention	11
4. Types of Initiative	**14**
4.1 Childcare initiatives	14
4.1.1 Nursery places	15
4.1.2 Childcare subsidies	15
4.1.3 Out-of-school schemes	16
4.2 Other family care initiatives	16
4.2.1 Information and referral services	17
4.2.2 Extended leave entitlements	17
4.2.3 'Family friendly' working practice	19
4.2.4 Participation by men	20
4.2.5 The costs of being 'family friendly'	20
5. Conclusion: the Bottom Line	**21**
Bibliography	**23**

Executive Summary

Aim of the IES research

To assess the commercial advantages to employers of adopting employment policies and practices for employees with a caring responsibility.

Sources

Previous research and existing sources of statistical information, unpublished IES research among a total of 20,000 employees of five large UK public and private sector organisations, and interviews with six large UK employers with carer-friendly employment practices.

Main findings

1. The changing burden of care

By early 1994, one in six working people was a woman with a child under 16 years old.

Reduced death rates, a shift in the age profile and changes in the way the elderly are cared for mean that an increasing proportion of employees are in families with an elderly relative requiring care.

There are already more women looking after elderly relatives than looking after pre-school aged children. In a recent study, one in six employees had eldercare responsibilities.

Many more employees have complex and often sole responsibility for children and stepchildren. The number of children under five affected by divorce has risen by 25 per cent in the last ten years.

There has been a shift in the burden of care from the state to the individual or family.

A rapidly growing number of families are being affected by at least one of these changes and therefore a large proportion of the labour force will have their working lives in some way affected by their caring responsibilities in the next decade.

2. A tightening labour market

There are already clear signs that the UK labour market is becoming more active and that problems of recruitment, retention and skill shortages are beginning to re-emerge.

According to UK employers' own estimates, as many as a third of vacancies are proving hard to fill and the trend is rising. The proportion of employers affected by recruitment difficulties rose to almost one-third in 1995. The impact of hard to fill posts has again roughly doubled in only 24 months.

As the economy picks up, so will labour turnover. Among organisations with 25 or more employees, turnover rates in a 1995 survey had risen to an average of 21 per cent across all sectors.

The number of registered unfilled vacancies stands at their highest level since November 1989.

3. Business benefits of carer-friendly practices

Improved productivity: An employee spends an average of 16 hours searching for child or eldercare, up to 80 per cent of which is during working hours. Employers who provide referral services for their employees save an estimated £2 in improved productivity and reduced sickness absence for every £1 they spend.

Reduced sickness absence: Approximately five per cent of UK employees take one day's sick leave each month in order to care for a dependent relative. Conservative estimates suggest that this costs employers in excess of £50 million each year.

Reduced staff turnover: It can cost up to one year's salary to replace an employee. Companies who reduce caring-related resignations through the introduction of carer-friendly policies can save thousands of pounds each year.

Conclusions

By introducing policies such as special leave, help-lines and other referral services, voucher schemes and flexible working arrangements, the employers in the study were convinced that they had improved their capacity to compete both in the labour market and the commercial world.

1. Introduction

1.1 Competing through people

It is now widely agreed that people can give organisations a distinct competitive edge. In order to maximise this edge, however, employers typically need:

- enough employees with the right skills, especially when they are recruiting
- productive and high performing employees
- employees with low turnover and high attendance
- employees who are mobile when required to be.

In recent years, the condition of the UK labour market has ensured that employers have, for the most part, been able to meet all of these requirements. But the signs are that, as we emerge from recession, a significant proportion of the labour force are becoming more vocal about their own needs. These include:

- greater job security
- easier access to training and development opportunities
- arrangements — policies and programmes — that allow them to both work *and* manage their increasingly complex domestic lives.

The number of people in the UK with some form of caring responsibility is increasing. As skill shortages and labour turnover problems begin to recur, employees, now in a stronger position, will seek more family-friendly environments in which to work. Employers will find this last factor, in particular, more and more difficult to ignore as the impact will ultimately be noticed at the bottom line. This is the central theme of this report.

1.2 The research

This is the report of a study conducted by the Institute for Employment Studies (IES) for the LV Group. It focuses specifically on the business reasons which will compel more employers to adopt HR policies that explicitly recognise the increasing domestic responsibilities of many of their current and potential employees.

It offers support in addressing these concerns and which benefit the employer by reduced absenteeism and improved productivity.

The research was based on three sources of information:

- previous research and existing sources of statistical information
- unpublished IES research among employees in large UK organisations. This involved analysis of data from over 20,000 employees in five public and private sector organisations
- interviews with six large UK employers who have introduced carer-friendly employment practices. These employers were asked about the business pressures which prompted their use of such policies, and the business benefits they achieved.

The report will show that:

1. The number of people at work with some form of caring responsibility has grown, and will continue to grow.
2. At the same time, employers are encountering more and more difficulties in recruiting and retaining staff, which will increase competition for key staff groups.
3. The recruitment, performance, attendance and retention of employees with caring responsibilities can be enhanced if flexible and imaginative employment policies are adopted and practical care programmes implemented.
4. There are many such policies and programmes currently available which can bring demonstrable business and competitive benefits to those employers who adopt them.

This report represents a summary of a large amount of evidence, both from statistical sources and from employer experience. We begin by looking at the growth in the proportion of employees with caring responsibilities.

2. The Changing Burden of Care

Three important demographic and employment changes in the UK have led directly to an increase in caring responsibilities for employees.

2.1 An ageing population

As the population of men and women workers ages, an increasing proportion of employees are in families with an elderly relative requiring care. This is as a result of a number of important changes:

- Death rates for both men and women over 80 years old have fallen in the last 25 years (from 174 to 141 per thousand among men and 138 to 109 per thousand among women). The number of people aged over 80 and older in the UK more than doubled between 1964 and 1994 to 2.3 million (Social Trends, 1996).
- There are approximately seven million people in the UK caring for elderly relatives — 3 million men and 4 million women (Berry-Lound, 1993).
- In a recent study, one in six employees had eldercare responsibilities, and half of these envisaged having new caring responsibilities over the next five years (Help the Aged, 1995).
- A shift towards care in the community as part of social/health policies has moved the burden of care from the state (state-funded hospital or care-home care) onto the individual and the family. The move towards non-invasive day surgery, with patients returned home increasingly quickly to convalesce at home, has also contributed to a rising care burden for families.

The average age of the workforce has also increased, which means that the proportion of those employed who will have eldercare responsibilities will also increase.

2.2 Changes in female employment

Women remain the primary carers in our society. Yet as more women enter and participate fully in the labour market, their caring responsibilities are increasing and becoming more complex. Many of the changes in women's employment patterns

in the UK are well known. Key among them in the context of childcare, however, are the following:

- During the 1980s, employment among mothers with a child under five years old grew by 77 per cent, compared with only nine per cent for mothers with eldest children aged 11 to 15 (Harrop & Moss, 1994).
- By early 1994, one in six working people was a woman with a child under 16 (Sly 1994).
- The proportion of employed mothers in 'professional or managerial' jobs nearly doubled during the 1980s (Harrop & Moss, 1994).
- Women in full-time work when they become pregnant are as likely to go back to full-time work as to part-time work (McRae and Daniel, 1991).
- Since 1992, women in their early thirties have been more likely to have a baby than women in their early twenties (Social Trends, 1996).
- Among dual earner families with children, there has been an increase in the proportion where the mother works the same hours, or longer, than the father — from 19 per cent in 1968 to 25 per cent in 1991 (Dex *et al.*, 1993).
- Mothers in professional and managerial jobs who have returned to work after a career break cite *'the ability to organise satisfactory childcare'* as the most important factor influencing the decision to return to work (Hirsh *et al.*, 1992).
- More than one-third of working mothers (35 per cent) report that a lack of suitable childcare had made it harder to work extra hours (TUC, 1996).
- One in five (19 per cent) working mothers report that lack of suitable childcare has forced a break in their career; one in seven (14 per cent) report that it has made them appear less reliable and available for work; one in eight (13 per cent) that it has prevented them from seeking promotion (TUC, 1996).
- Almost three-quarters (73 per cent) of a predicted rise of 1.5 million in the labour force by Spring 2006 are women (Labour Market Trends, 5/96).

These and other data paint a picture which suggests that, merely in terms of childcare, the burden of care among working women has become ever more complex, especially as they gain more senior positions in organisations.

2.3 Diversity in family structures

In addition to changes in the need for childcare and eldercare, a number of other changes in the structure of family life have also had an impact on employees' domestic responsibilities.

- There has been an increase in the divorce rate in the UK: there were nearly seven times as many divorces in 1993 as 1961. The UK has the highest divorce rate in the EC, at almost twice the average, meaning that many more employees have complex, and often sole, responsibilities regarding children and stepchildren.
- The number of children under five affected by divorce has increased by 25 per cent in the last ten years (Social Trends, 1996).
- Twenty per cent of children live with only one parent. A total of one in 15 families with dependent children are stepfamilies. Up to one in 12 of all dependent children are stepchildren (Social Trends, 1996)
- By 1995, more than 25 per cent of all households in Great Britain were one-person households. This is more than double the proportion in 1961, and is predicted to grow significantly over the next decade (Social Trends, 1996).

These factors mean that, for many of those in the labour force, the distinction between 'work' time and 'leisure' time has been blurred by what has been called 'obligated' time (Rajan, Bevan *et al.*, 1991). This means that looking after dependants, visiting or caring for stepchildren *etc.* now takes up an increasing proportion of more people's time.

As changing demographics will reveal, the 'obligated time' phenomenon will continue and will become increasingly obvious to employers who will see a greater number of staff with eldercare concerns as the workforce grows older. As managers are also part of this trend, they too will experience the conflicting demands of domestic life and business — it they hadn't already.

2.4 Implications

A rapidly increasing number of families is being affected by at least one of these changes. This means that a large proportion of the labour force will have their working lives in some way affected by their caring responsibilities. These employees will require and seek out employers who offer family-friendly policies and programmes to support their efforts to combine effectively both sets of responsibilities. The implications for employers are that:

1. The capacity of many employees to cope effectively with both a demanding job and demanding domestic circumstances may be put under severe pressure. This could, in turn, result in increased stress, reduced performance, increased staff turnover and increased sickness absence.
2. More employees (mainly, though not only, women) will desire access to flexible working arrangements such as part-time

working or job-sharing as a solution to juggling conflicting demands.

3. Fewer employees will be able to work long hours on a regular basis.
4. Fewer employees will accept geographical mobility as part of their employment contract, since domestic demands will prevent it.
5. Notions of continuous, permanent and full-time employment as the norm will be challenged as more employees seek to interrupt their careers, or expect to have career breaks.
6. More employees will require flexibility in paid and unpaid leave arrangements, including carer leave, paternity leave, school holiday leave *etc.*
7. Provision of, or access to, childcare will remain important for some employees.

Employers who have no recruitment or retention difficulties, employ no women, or nobody over 25 years old, are likely to be affected to only a minor extent by these pressures. The remainder, as will be discussed in the next section, have plenty of reasons to become concerned. This component of the workforce will grow and will inevitably confront the issue of care, as the nature of family care changes and increasingly involves eldercare and dependant care.

3. The Employer View

3.1 Post-recession blues?

There is an uneasy calm in many organisations at present. The recession, they are told, is over. Their businesses have been re-structured, re-engineered, downsized, delayered and re-visioned, and now all they have to do is get closer to customers and compete. But how ready is the workforce to gather up its strength and go over the top once more? The evidence suggests they are reluctant, at best. Why should this be? Let us first examine what employers are now saying they want from their workforce:

- More commitment — many employers are concerned that, when the labour market picks up, many employees will 'jump ship' after the gloom of the recession. Employers want staff to remain loyal, committed and to stay with them during the post-recession period.
- Higher productivity — businesses want a stronger and more clearly demonstrable relationship between salary bill growth and productivity. This means reduced absenteeism, together with an increase in productivity deals and performance related pay schemes.
- Greater flexibility — this involves working a more variable range of hours, relating staffing patterns to customer demand, working across traditional job boundaries in order to become 'multi-skilled'. For some employees, this means starting their career as generalists and specialising much later than has been customary. It also means adopting a more varied range of work patterns, though not necessarily those of their own choice. As one HR manager of a leading finance company says:

  'We've moved to much more autonomous business units, with a good deal more control over their resourcing. This has meant that, at the corporate centre, we've had to tolerate more diversity in employment practices.'

- More lateral job movement — cutting out layers in the hierarchy means that traditional promotion opportunities have, in many organisations, been slashed. Employers want people to move sideways, across job functions and departments in order to help meet skills demands when and where they occur, and in order to develop a broader range of skills which the business can call upon when it needs them. As the HR manager of a top manufacturing company confirms:

'Like other companies, we have stripped out a layer of middle managers, increased our spans of control, moved to broad banding and flexible roles. This has meant renegotiating . . . with the staff that remain, so they feel more secure and more committed to what we're doing.'

Each of these needs may make sound business sense. But how realistic is it to ask such things of a workforce which has just seen one of the most dramatic erosions of job security since the war? Are not UK businesses wanting to have their cake and eat it? As one manager we spoke to put it:

'We have sent the clear message to employees that we want them to be flexible, adaptable and disposable.'

So where does this leave the 'psychological contract' between employers and employees, now that staff realise that businesses will not hesitate to cut jobs at the first sign of difficulty? How much can employers expect loyalty, commitment, quality performance and productivity in return? The reality is that large sections of the workforce now feel that employers have 'ratted' on the deal and that it will take years to build back trust. One human resources manager has this to say:

'The business is realising, possibly too late, that we've eroded job security without putting anything in its place. This has happened just when those staff we have left need to perform their socks off. There is real doubt that they are in the mood to do that. Some key people are already beginning to leave.'

The irony is that, six or seven years ago during the last economic boom, employers were extremely keen to be 'family-friendly', to encourage women back to work by offering flexible working patterns to suit their needs, by targeting recruitment at older workers, and to pay over the odds to recruit and retain key staff. So, many employers are being faced with the same scenario:

1. it is becoming more difficult to recruit and retain key staff
2. a higher proportion of the labour force requires working patterns and practices which accommodate their domestic circumstances in order for them to participate and perform fully in the workforce.

We now examine how this is affecting employers' staffing strategies in relation to carers.

3.2 Carer-friendly is business friendly

Employers are concerned with a number of key staffing issues, with serious business consequences, which require them to consider the carer-friendly option. These are:

- Recruitment and flexibility
- Performance and productivity
- Attendance and retention

Our case study interviews, and other evidence, paint a picture characterised by concern and transitional change.

3.2.1 Recruitment and flexibility

After experiencing several years during which most employers were in a position of strength when recruiting, the situation is beginning to change. As the HR manager of a leading manufacturing company told us:

> *'To be honest, retention hasn't been our priority until recently. We've spent the last few years reducing 'heads', and couldn't get enough people out of the door. Now we've had a small increase in turnover in some important jobs and the alarm bells have started to ring.'*

All the early signs are that, as skill shortages in some occupations begin to re-emerge, these old staffing problems will re-emerge. It is already clear that the UK labour market is becoming more active and that problems of recruitment, retention and skill shortages are threatening once more:

- According to UK employers' own estimates, as many as one-third of vacancies are proving hard to fill, and the trend is rising. The proportion of employers affected by recruitment difficulties rose to almost one-third in 1995. The impact of hard to fill posts has again roughly doubled in only 24 months.
- As the economy picks up, so has labour turnover. Among organisations with 25 or more employees, turnover rates in a 1995 survey had risen to an average of 21 per cent across all sectors.
- The number of registered unfilled vacancies in the UK currently stand at their highest level since November 1989 (Labour Market Trends, 1996).

Against this background, there is growing evidence that caring responsibilities can seriously inhibit the availability of skilled workers for work. Recent studies have demonstrated that male carers are five times more likely to report that their caring responsibilities have prevented them from accepting full-time work (Brannen *et al.*, 1994). Forty per cent of those who cared for more than 20 hours a week said that their responsibilities had forced them to stop work (Corti and Laurie, 1993).

Most of the employers interviewed as part of this study saw that they could compete more effectively for scarce labour if they offered greater flexibility in working hours, in employment contracts, and by introducing family-friendly initiatives and benefits. This, they had argued, had several effects:

- It broadened their pool of potential applicants, to include those with some caring responsibility.

- It offered the opportunity to achieve a closer match between peaks in workload (especially in service sector employers) and peaks in staffing. For many this was the most powerful business argument.
- It improved the organisation's capacity to retain recruits for longer.

The HR manager of a major retail company had this to say:

> *'It looks like sickness levels in departments where we've extended carer leave have started to drop. These are where there are high concentrations of female employees. It's early days, but I expect that we'll see that people will have fewer sick days to look after kids or their mums, which has to be good.'*

However, employers still seem to view the flexibility issue as being primarily aimed at women with childcare needs. A few recognised that eldercare was a growing issue, especially those with a relatively older workforce.

In addition, although employers are peripherally aware that the working population is ageing, few have yet to anticipate and address the impact this demographic change will have on their organisation.

3.2.2 Performance and productivity

Organisations, as we have seen, are constantly striving to achieve more with less. In many cases this means finding ways of improving workforce performance and productivity through:

- working smarter by improving infrastructure (*eg* IT systems), increased use of teamworking and increasing decision-making autonomy by pushing accountability to lower levels of management
- rewarding performance
- focusing on commitment and motivation by being more responsive to the needs of individuals, being more flexible in working hours, rewarding loyalty and adopting non-pay benefits which more closely link to the specific needs of employees.

The employers interviewed in this study were acutely aware that reduced job security had, in some cases, undermined productivity and loyalty. They were keen to adopt strategies to reassure the employees who remained after headcount reduction in order to achieve maximum productivity and performance. As the HR manager of one finance company said:

> *'I think that there is a growing awareness that we can't compete unless we get and keep good quality staff who'll go that extra mile for you. Equally, this means you need to give something back. We try to*

make it easy and worthwhile for people to come to work and do a good job. This means being flexible and understanding about their domestic lives, and being compassionate if they're going through a sticky patch.'

The role played by employee benefits and a more caring approach to management had been recognised by several. They realised that many employees were beginning to place more emphasis on the quality of their overall lifestyle (including work). This has meant that some employers have had to accommodate requests for temporary part-time working, extended and unpaid leave, and home-working. This, they report, has begun to break down stereotypical views of working patterns still held by many managers. One HR manager interviewed said:

'Five years ago we had no significant number of part-timers. Now, in some functions, we rely on our part-time workforce enormously. I think this is a good thing because it helps meet our need for flexibility and their need to manage their home lives. It's a sort of "win-win" situation really.'

Home-working is a good example. IT systems have allowed greater flexibility in the 'place of work'. Through advanced communication links, more people work remotely during hours of their choosing, being judged by their outputs rather than their inputs. The success of such approaches has begun to convince some managers that physically being at work for a fixed time is often less important than being productive through more flexible working arrangements.

The lesson from this, employers told us, was that organisations were developing a greater tolerance of 'non-traditional' working arrangements from their 'core' staff. Indeed, many reported that such flexibility had significantly improved productivity. This approach made the employment of staff with domestic caring duties less onerous as flexible employment arrangements were becoming more normal.

3.2.3 Attendance and retention

The CBI estimates that sickness absence in the UK costs £11 billion per year (CBI, 1995). As employers are now paying for a larger proportion of this amount, due to changes in sick pay regulations, any reduction in sickness absence will represent a considerable saving. Overall, the rate of sickness absence in the UK has reduced in recent years, though is traditionally higher in the public sector and — significantly — among women (upon whom the great majority of caring responsibility falls). The employers we interviewed all admitted that a lack of support for employee carers can influence their attendance and retention.

Research has long suggested that domestic caring responsibilities can have a significant impact on sickness absence rates (Price and Mueller, 1991). Recent research (IES, 1996) shows that carers have up to twelve days away from work each year (usually

taken as sickness absence) to provide care for a dependant. This could affect upwards of five per cent of the workforce, costing UK employers at least £50m each year. Paradoxically, this group is among the most likely to come to work when genuinely sick. IES data from absence studies conducted within organisations shows that women with caring responsibilities are far more likely than other employee groups to:

- come to work when they are actually ill
- feel guilty when they have time off sick.

They are also the group least likely to feel entitled to 'sick days' when they are not ill (one-fifth as likely as single males under 25 years old, for example).

More than half of those absent to care for dependants report that the availability of childcare or other support would reduce their sickness absence levels. Indeed, this group report a remarkably high level of commitment and loyalty to their work. However, as several HR managers in our case study companies told us, carers as a group tend to 'suffer in silence' rather than complain about the difficulty of juggling their work and domestic life. This, they thought, was partly due to a prevailing culture that implied that working part time meant 'only committed part time', together with a strongly held belief among many that it was unacceptable to allow your domestic pressures adversely impact on your work performance. The HR Manager of a large public sector organisation says:

> *'People's home lives are getting more complicated. We can't hide from this. As a responsible employer you can either say that's not our problem, don't let it affect your work, or you can argue that looking after people makes business sense because you get more loyalty from them, and they stay longer. We're not a charity, but that doesn't mean you can't have compassion.'*

Sickness absence is not the only concern. It is widely accepted that it costs at least £5,000 to replace an employee who has left an organisation (Buchan *et al.*, 1989): often as much as a years' salary (Forbes and McGill, 1981). Employers are beginning to realise that the retention of key staff can have significant business benefits. In a recent IES study in a large financial sector company, employees with caring responsibilities who were dissatisfied with the company's childcare provision were among the most likely to resign. Midland Bank has found that the provision of nursery places has improved staff retention and the proportion of women returning to work at the Bank after maternity leave rose from 30 per cent in 1988 to 85 per cent in 1994. Given that many of these women had been trained in key skills and had several years' valuable experience, the Bank feels the investment well worthwhile.

In the summer of 1996, Asda Stores announced a 'term-time' working scheme for working mothers. This was introduced specifically to reduce resignation rates among female staff, and to provide continuity in customer service.

One interesting finding from our discussions with managers was that the issue of eldercare was now far more likely to gain their attention as a caring issue than was childcare. This was, in part, due to childcare issues being more familiar on the organisation's list of HR issues. However, it was managers' immediate personal experiences of eldercare issues which was having the most impact. Each of the managers we spoke to either currently had, or expected to have, eldercare responsibilities which they admitted would have an impact on their working lives.

This experience had, by their own admission, made most of them more sympathetic to actual and potential employees' needs for support in managing eldercare, as well to the notion that policies aimed at helping employee carers manage their time can help reduce unwanted resignations and high sickness absence. One manager we spoke to had this to say:

> *'We've got a big "bulge" of key people in their late thirties and early forties. They are currently concerned about childcare, schooling and so on. Within the next ten years they'll be concerned about looking after their parents. These people would be difficult to replace, and we have no choice but to be responsive and understanding about these issues.'*

4. Types of Initiative

A lack of suitable childcare provision has a detrimental effect upon principal carers in work. One in five working mothers in a survey conducted by the TUC (TUC, 1996) report that it has forced a break in their career; one in seven report that it has made them appear less reliable and available for work; and one in eight (13 per cent) say that inadequate childcare provision has prevented them from seeking promotion. Three-quarters (73 per cent) of professional and managerial women returnees report that childcare has affected their job and career choices to some extent.

Despite the growing evidence of the need for enhanced childcare services, the majority of employers are slow to respond. Survey data from *Working for Childcare* suggests that fewer than five per cent of employers have nursery facilities. Of these, the great majority will usually have one, or share one workplace nursery at the head office site which normally would only be available to a few dozen staff out of thousands across the whole organisation. Less than three per cent pay towards employees' childcare costs in other ways.

Many employers appear to remain unsure of their employees' dependant care needs and have not ruled out making some kind of dependant care provision. Recent research (Hirsh *et al.*, 1992) has found a clear need for information on what kind of support can be made available to employees; 73 per cent of respondents to a survey expressed interest in an information service.

4.1 Childcare initiatives

One group of employers are focusing on the business case for childcare. Called Employers for Childcare, they are a forum formed in 1993 of 11 major employers including British Airways, Midland Bank, Rover and Shell. The forum believes that the provision of childcare helps businesses to maximise their commercial potential by ensuring employees can adequately combine their family and work responsibilities. Between them the forum members provide a wide range of dependent care services including:

- nursery places
- childcare subsidies

- out of school schemes
- information and referral services.

These main forms of childcare service, together with their relative advantages and disadvantages are discussed below.

4.1.1 Nursery places

Nursery provision can offer employees a number of advantages over other forms of childcare. The main advantages that a recent Incomes Data Services (IDS) study found, include easily identifiable costs, ease of monitoring quality standards, control of place allocation targeted to business needs (*eg* the particular skills held by the employee), its popularity amongst some parents and promotion of a favourable corporate image. The disadvantages include: problems of location; matching opening to anti-social hours of shift workers; the expense of both starting and running the scheme; need for a long-term commitment, and the need for a critical mass of places before the intended business benefits are felt. Other problems can be associated with the fact that many nurseries are based at head office locations, and that they are felt to favour children of senior staff.

None of the nurseries in the IDS survey are operated directly by the employer. A combination of a lack of nursery expertise and the administrative workload involved were the most frequently cited reasons for contracting out. The study also found that many private sector employers, including Midland Bank and Sainsbury, enter into partnership arrangements with other local employers, particularly if only a limited number of nursery places are required. An alternative option is to purchase places in a free-standing local nursery with the benefit of minimal involvement in terms of administrative or financial input.

4.1.2 Childcare subsidies

Some employers offer a childcare subsidy, usually in the form of an allowance or voucher scheme such as Childcare Vouchers from the LV Group, which have the advantage of allowing employees to make their own choice of care as well as being exempt from National Insurance contributions. Since being launched in 1989, Childcare Vouchers have become the most popular form of childcare assistance provided by UK employers, helping to motivate employees and building their loyalty by demonstrating a strong, highly-visible commitment to their well-being. Childcare Vouchers also have none of the disadvantages of setting up and managing a workplace nursery, and unlike a cash allowance require minimum administration. They are also separate from salary (so avoiding upsetting those who are not eligible for the benefit), and are exempt from employers' NI contributions and (for private sector organisations) corporation tax deductible.

To employees, Childcare Vouchers mean freedom of choice — they can choose any type of childcare they want, whether it be a relative, play group, out-of-school scheme, holiday play scheme, registered child minder or nanny. Other advantages include free use of the Childcare Solutions telephone resource and referral service, providing support and information on a wide range of parenting and childcare issues, as well as being a regular financial boost to childcare costs.

4.1.3 Out-of-school schemes

Parents often find it difficult to arrange suitable care for their children between the end of the school day and the time that they get home from work. Similar problems arise during the school holidays (which add up to around 13 weeks each year). Flexible working hours may help working parents, as can term-time contracts, but employers can also assist with after-school care and holiday play schemes. The running costs of such schemes are far less than for nurseries and they are normally self financing.

Since April 1993, the Employment Department has offered pump-priming finance to establish local schemes to provide out-of-school care. The funding of £45 million over three years, operates through Training and Enterprise Councils (TECs) and is intended to create 50,000 additional places. A national evaluation of the initiative conducted by IES (Dench *et al.*, 1996) found that the schemes have a significant positive impact upon parents' labour market position. The biggest impact the schemes have had is upon working hours, with 21 per cent of respondents reporting that they had been able to extent the hours they work since they started using the scheme. Some four per cent of respondents had been able to get a better job or promotion and seven per cent had begun further education or training as a direct result of the schemes.

Parents or main carers in employment were asked what effect the schemes had upon their attitudes to work and job performance. Almost half felt that their ability to do their work had improved as a direct result of using the scheme. Almost one-fifth reported that their job satisfaction had increased, and 14 per cent that their commitment to the job had increased because of the schemes. One in ten reported that, because they used the childcare scheme, they had fewer unplanned absences than before.

4.2 Other family care initiatives

Several family and dependant care initiatives are now being used by employers who recognise that their workers may have a number of domestic caring responsibilities, not just in the area of childcare.

4.2.1 Information and referral services

A 1995 IDS Study found that an increasingly popular option with employers is to offer some form of family care referral or information service helping working carers to arrange their own care, something that has already proved extremely successful with US employers. One such recently-launched British scheme is the LV Group's Familylife Solutions, a unique nationwide telephone service providing confidential information, help and advice to workers with a caring responsibility for a family member of any age. The numerous advantages of such a scheme include:

- Immediate access to a nationwide database.
- Regularly updated lists of holiday activities for children, the disabled and the elderly.
- Holiday support for carers.
- General advice about all aspects of caring.
- Detailed information on how to find the best care for children or adults.
- Advice on contracts and referrals on other legal issues.
- Leaflets and fact sheets on numerous topics to do with all aspects of caring.
- Advice on benefits and allowances for carers and their relatives.
- Arranging home help for carers and their relatives.
- Practical, health and emotional advice and support.
- Specialist advice and support from such independent bodies as Exploring Parenthood, Age Concern, Carers National Association, Counsel and Care, and RADAR.
- Professional telephone counselling.
- 24-hour emergency back-up.

As well as offering advice, information and referral schemes have contributed to the amount and quality of care by: ensuring that facilities are fully used; setting up training for care givers; and recruiting new care providers where there is a shortage (Hogg, 1992). The advantages found by research undertaken for the Daycare Trust are: a reduction in the amount of time taken off work by parents to find care (estimates suggest that £2 can be saved in reduced absenteeism for every £1 spent); accessibility to all employees including those on multiple sites; and the provision of planning data for future company family care initiatives.

4.2.2 Extended leave entitlements

Special or extended leave entitlements are amongst the most widely used form of support to parents and other carers. They take several forms:

Statutory leave: Within the EC a framework of statutory leave for parents is emerging, consisting mainly of maternity leave and parental leave. The UK has the most limited statutory maternity leave entitlement and, until recently, the most restrictive eligibility criteria in Europe (McRae and Daniel 1991).

Special leave: Many employers or collective agreements choose to enhance statutory leave entitlements. A recent survey by the Reward Group found that paternity leave was the most common family-oriented benefit addition being agreed by employers. According to the survey, while 49 per cent of respondents were implementing enhanced maternity pay and 24 per cent agreeing increased maternity leave, 60 per cent were introducing or improving their paternity leave provision. A quarter of organisations surveyed by Industrial Relations Services (IRS) in 1996 have changed their special leave provisions in the past two years. Carers' leave is the provision they have changed the most, suggesting that employers are beginning to realise the benefits of recognising carers. A financial company's HR manager said:

> *'We extended our carer leave so that staff could take unpaid leave for several weeks. We had several people whose elderly parents were ill, or needed to go into sheltered housing or homes. This proved to be time consuming and stressful and we wanted to be responsive to this. Actually, it's in our interests too because, looking at our age profile, this is going to be at least as much of an issue as childcare has been.'*

Some employers, particularly those in the public sector, regard these rights as setting minimum standards within their equal opportunities policy. Trade unions have pushed certain types of special leave provision (carers' leave and leave for domestic and facility reasons) to the top of their negotiating agendas.

The main advantages to employers are: the retention of employees, and the protection of training investment (particularly of women). Evidence on the take-up of special leave arrangements confirms that women are more likely than men to take time off for caring responsibilities. Over 75 percent of respondents to the IRS 1996 survey said that women predominantly use special leave policies concerning the family, but there were no special leave policies used predominantly by men.

Career breaks: Many employers now realise the benefits to be gained by encouraging employees who need a break from employment, to return to them. This ensures that valuable skills, experience and company-related knowledge is not lost. Entitlement and qualification criteria vary considerably, as do the steps that employers take to keep employees in touch and up-to-date while they are away. In some key professions (*eg* accountancy, medicine, law *etc.* there are growing examples of professional updating being encouraged for those on career breaks.

4.2.3 'Family friendly' working practice

Child and eldercare services and special leave arrangements will only ever meet the needs of a proportion of parents and carers. Many employers now use a wider range of flexible working arrangements that are potentially of help to a greater number of employees generally. These include: working non-standard hours; job sharing; part-time working, term-time working, home-working and flexitime.

Part-time working: benefits to employers associated with part-time work include widening of the available recruitment pool and flexibility in adjusting the size of the workforce. Some research suggests that part-time workers are more productive and efficient whilst at work, as domestic concerns do not impinge upon the working day in the same way as they might in the case of full time workers.

Job sharing: this is an arrangement whereby two or more people share a full-time job, plus associated benefits, and take responsibility jointly for ensuring work cover. Case studies of companies in IES research, report several advantages to job sharing. They include enabling continuity of work throughout the day and a continual staff presence, as well as the import of additional knowledge, skills and experience. In addition, employers report benefits in providing continuity of coverage if one person leaves, and the creation of a more effective job schedule. The major disadvantages to employers include: necessity of good communication; difficulty in evaluating performance, plus additional personnel administration and training costs.

Flexitime: this is an arrangement whereby employees may, within prescribed limits, choose their starting and finishing time each day. It is still the most common form of any flexible working hours system adapted by employers. A recent survey (Atkinson *et al.*, 1996) found that in the UK in 1995, across the whole economy, 11.1 per cent of employees came under some kind of flexitime arrangements and that rather more women (12.7 per cent) than men (9.7 per cent) were covered.

The main benefits to employers are as an aid to recruitment, to fulfil equal opportunities commitments, to extend staff cover outside normal working hours, and to cope with variations in work flow.

Tele-working: (flexi-place) is increasingly popular. Because it enables employees to work from home it provides employees with far greater flexibility in making care arrangements. Reported advantages to employers include: retention of parents and carers who cannot work on site during regular hours; improved productivity because home workers face fewer distractions and can schedule their work at preferred times, and a reduction in overheads, notably office space.

4.2.4 Participation by men

The focus of many attempts to help employees reconcile their work and family responsibilities is to assist mothers to manage a short-term interruption to their careers. 'Family friendly' practices often means in practice helping women to carry an unequal share of family responsibilities. Paternity or parental leave is emerging as an extension of maternity leave for women, rather than as a measure which actively encourages men to take a greater share in the care of young children.

4.2.5 The costs of being 'family friendly'

The EOC has put the cost to employers of introducing a number of family friendly policies into some sort of context. It estimates that the introduction of a array of measures — 18 weeks' paid maternity leave, ten days' paid parental leave, and ten days' paid family leave — would amount to less than one-third of what is currently spent on contributory benefits for the sick.

5. Conclusion: the Bottom Line

A previous study of 'family-friendly' employment practices conducted by IES (Simkin and Hillage, 1992) concluded somewhat pessimistically that:

> *'The obvious conclusion that could be drawn is a familiar one to the labour-market analyst: that is that 'family-friendly' working practices can be predominantly characterised as 'old wine in new bottles'. Traditional working practices have been re-packaged and promoted under a label appropriate for the modern age. It has been management that has taken the initiative in extending and developing these practices and has generally done so in ways that maximise control. The introduction of more flexible working arrangements has been as much 'employer friendly' as 'family friendly'. (p.31)*

It is clear from the current study that, while still driven by enlightened self-interest, an increasing number of employers will not be able to operate effectively as businesses without being able to recruit, motivate and retain employees with caring responsibilities.

The bottom-line arguments which employers are now beginning to be swayed by are that:

1. The growth in the incidence of domestic care will soon affect far more employees than ever before, and that these employees are a valuable resource. To ignore their needs for support and flexibility will cost money in increased staff turnover and sickness absence.
2. That staff turnover costs, and the management time involved in replacing leavers, can be high (up to one year's salary). If a higher percentage of resignations are now coming from dissatisfied employee carers, steps to reduce such turnover will save employers considerable expenditure.
3. Employees taking time off to care, or arrange care, for a child or dependent relative is likely to be costing UK employers at least £50 million per year in direct costs alone. Measures to reduce this can readily save money and improve continuity of production and/or service delivery.
4. The labour market is beginning to work against the interests of employers, and that competition for the 'best' staff is increasing apace. Employment practices which accommodate the needs of carers will become necessary as carers form an increasing proportion of the workforce over the next ten or twenty years.

5. While the number and diversity of planned and managed family friendly schemes (such as Childcare Vouchers, Familylife Solution and the like) is growing apace, they are still regarded by the majority of UK employers as the exception rather than the rule.

It may be that those who have argued for a more enduring change in employers' attitudes to the dependent care responsibilities of employees are witnessing the first perceptible shift in the approach of a significant minority. While any larger move is likely to be driven by a combination of unfavourable labour market conditions and significant social and demographic change, there are signs that some business arguments are also starting to have an impact.

Bibliography

Atkinson J, Rick J, Morris S, Williams M (1996), *Temporary Work and the Labour Market*, IES Report 311

Berry-Lound D (1993), *A Carer's Guide to Eldercare*. Horsham, The HOST consultancy

Brannen J, Dodd K, Oakley A, Story P (1994), *Young People, Health and Family Life*. Buckingham: Open University Press

Buchan J, Atkinson J, Bevan S (1988), *Costing Labour Wastage in the NHS*, IMS Report 157

Corti L, Laurie H, Dex S (1994), *Caring and Employment*, DfEE Research Paper No. 39

CBI (1995), *The CBI/Centrefile Survey of Sicness Absence*. London: CBI

O'Brien M, Dench S (1996), *The Out-of-school Childcare Grant Initiative*, DfEE

Dex S, Clark A, Taylor M (1993), *Household Labour Supply*. Unpublished report from the ESRC Research Centre on Micro-social change, University of Sussex

Forbes A, McGill D (1981), *Understanding Wastage*, IMS Report 101

Harrop A, Moss P (1994), 'Working Parents: Trends in the 1980s', *Employment Gazette*, 102(10), pp.343-352

Help the Aged (1995), *The Help the Aged SeniorCare Survey*, cited in *IRS Employment Trends* 576, January 1995.

Hirsh W, Hayday S, Yeates J, Callender C (1992), *Beyond the Career Break*, IMS Report 223

McRae S, Daniel W W (1991), *Maternity Rights in Britain: First Findings*. London: Policy Studies Institute

Office of National Statistics (1996), *Social Trends*

Price J, Mueller C (1986), *Absenteeism and Turnover of Hospital Employees*. JAI Press Inc., Greenwich CT

Rajan A, Bevan S (1990), *British Social and Economic Trends to 1995 and their Employment Implications*, IMS Report 189

Sly F (1993), 'Women in the Labour Market', *Employment Gazette*, 10/93, 483-502

Spilsbury, M, Stallwood, N, Nove, A (1995), *Skill needs in Britain — 1995*. High Wycombe: Public Attitude Surveys

TUC (1996), *TUC Childcare Survey — Summary Report*. London: Trades Union Congress

Who Cares?
The business benefits of carer-friendly practices

The Institute for Employment Studies

ISBN 1-85184-258-6

BEST COPY AVAILABLE